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Subsidiary Body for Scientific and Technological Advice
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Item 5 of the provisional agenda
Methodological guidance for activities relating to reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries

Views on methodological guidance for non-market-based approaches related to the implementation of the activities referred to in decision 1/CP.16, paragraph 70

Submissions from Parties and admitted observer organizations

1. The Subsidiary Body for Scientific and Technological Advice (SBSTA), at its thirty-eighth session, invited Parties and admitted observer organizations to submit to the secretariat, by 26 March 2014, their views on methodological guidance for non-market-based approaches. It requested the secretariat to compile the submissions into a miscellaneous document for consideration at SBSTA 40.[1]

2. The secretariat has received six such submissions from Parties. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced* in the language in which they were received and without formal editing.[2]

3. In line with established practice, the three submissions received from non-governmental organizations have been posted on the UNFCCC website.[3]

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[1] FCCC/SBSTA/2013/3, paragraph 40.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

[2] Also available at <http://unfccc.int/5901.php>.

[3] <http://unfccc.int/7482.php>.

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4. Contents

		Page
1.	Bolivia (Plurinational State of) (Submission received 26 March 2014)	3
2.	Brazil (Submission received 27 March 2014)	11
3.	Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam (Submission received 28 March 2014)	12
4.	China (Submission received 24 April 2014)	14
5.	Malaysia (Submission received 26 March 2014)	16
6.	United States of America (Submission received 4 April 2014)	17

Paper no. 1: Bolivia (Plurinational State of)

Matters relating to methodological guidance for Non-market based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests as established in paragraph 50 of SBSTA 38

Submission by the Plurinational State of Bolivia
March 26, 2014

The Government of the Plurinational State of Bolivia presents its views on methodological guidance for non-market based approaches such as joint mitigation and adaptation approaches for the integral and sustainable management of forests as established in paragraph 40 of SBSTA 38.

1. Context

The joint mitigation and adaptation approach (hereinafter referred to as JMA) is designed to effectively advance mitigation and adaptation to climate change through the integral and sustainable management of forests and systems of life of Mother Earth. The overriding priority of the JMA is to achieve mitigation and adaptation to climate change through sustainable management of forests. In this context actions that generate adaptation and mitigation outcomes should be sought to reduce deforestation, halt the loss of forest biodiversity, maintain environmental functions, reduce land and resource degradation, and eliminate poverty.

This approach is related to the vision of the "Living well in balance and harmony with Mother Earth", which has been recognized in the first governing council of the UNEP and first meeting of ministries of environment (Nairobi, 2013) and it has been included in the conceptual framework of the Intergovernmental Platform of Biodiversity and Ecosystem Services. This is a cosmocentric approach that considers that human beings and nature have rights and similar hierarchy, and both are living beings, and reproducing systems of life in the Mother Earth.

The progress of the JMA in the context of the UNFCCC is the following:

1. The COP 19 held at Warsaw has established **alternative policy approaches to REDD+**, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests.

    a) The paragraph 8 of Decision 9/CP.19 encourages entities financing the activities referred to in 1/CP.16, paragraph 70, through the wide variety of sources referred to in decision 2/CP.17, paragraph 65, to continue to provide financial resources to alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests;

    b) The paragraph 20 of Decision 9/CP.19 requests the Standing Committee on Finance (…) taking into account different policy approaches, to focus its soonest possible forum on issues related to finance for forests, including the implementation of the activities referred to in decision 1/CP.16, paragraph 70, inter alia: (a) Ways and means to transfer

payments for results-based actions as referred to in decision 1/CP.18, paragraph 29; and (b) The provision of financial resources for alternative approaches;

c) The paragraph 1 of Decision 1/CP.10 invites interested Parties to designate a national entity or focal point including different policy approaches, such as joint mitigation and adaptation;

2. The SBSTA 38 has also noticed that joint mitigation and adaptation approaches, as non-market-based approaches, are important to support the implementation of the activities referred to in decision 1/CP.16 paragraph 70 (paragraph 38). Also, established the need for clarity about the need for further methodological guidance, considering the relationships between this issue and the provision of adequate and predictable support, including financial resources (paragraph 39).

3. The Plurinational State of Bolivia considers that methodological guidance for alternative policy approaches to REDD+ (which are based on results-based payments) must be developed in order to help the Standing Committee on Finance facilitate financial resources for alternative approaches considering performance- and needs-based finance.

4. Currently, as established in Decision 9/CP.19 the alternative approach to REDD+ is the joint mitigation and adaptation for the integral and sustainable management of forests, as a non-market-based approach.

5. The methodological guidance for alternative policy approaches to REDD+, such as joint mitigation and adaptation for the integral and sustainable management of forests, must be presented by the SBSTA 40 for approval at the COP20 to be held in Lima, Perú.

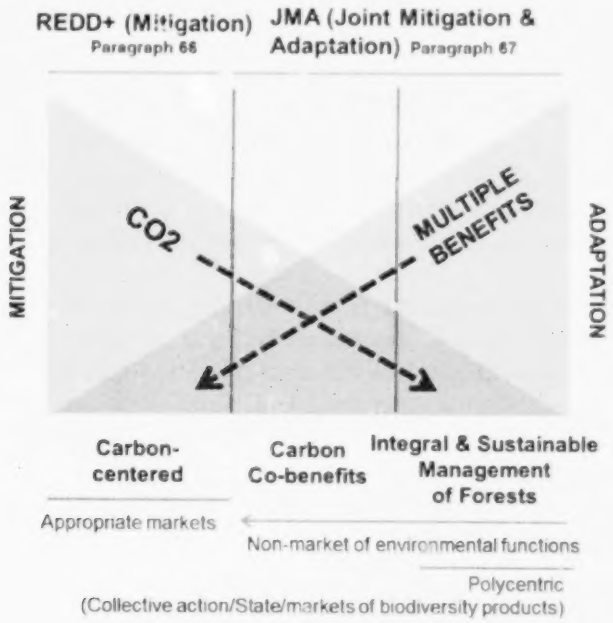
2. Comparison between REDD+ and alternative policy approaches: the JMA

Since to date REDD+ has been centered only on mitigation issues, it has been unable to satisfactorily address the issues of joint mitigation and adaptation and the integral and holistic management of forests. In contrast, the JMA Mechanism is designed to combine mitigation and adaptation through the integral and sustainable management of forests, challenging the current understanding of the UNFCCC which addresses these issues separately.

The REDD+ approach (results-based payments) are based on the identification of a unit of transaction: units of CO_2, thereby promoting only the measurement of carbon. In the context of the REDD+ there are the following approaches.

i) The REDD+ carbon-centered approach which has so far a non-market-based approach that has been almost culminated in the Warsaw REDD+ Platform.
ii) Non-carbon benefits resulting from the implementation of REDD+ (in process of development).
iii) The joint mitigation and adaptation approach for the integral and sustainable management of forests as an alternative approach to REDD+ (in process of development).

Figure 1. Policy approaches for reduction of deforestation and forest degradation



There are important distinctions between REDD+ approach and alternative approaches to REDD+. The most outstanding differences are highlighted in the table 1 below.

Table 1. Distinctions between appropriate markets-based and non-market-based approaches under the UNFCCC

MAIN ASPECTS	REDD+ (Results-based payments)	JOINT MITIGATION AND ADAPTATION (JMA alternative to REDD+)
Characteristics	Carbon centered	Integrated, holistic and sustainable management of forests focused on the multiple functions of forests.
General approach	Payment of ecosystem services (PES) linked to the Green Economy.	Management of Systems of Life (MSL) linked to the Living Well in Balance and harmony with Mother Earth
Outcomes	Quantified carbon emissions reductions (Tons of CO2)	Proxy indicators for mitigation and indicators of ecosystems-based adaptation.
Type of Financing	Ex-post payment for results-based actions	Sustained financing through ex ante and ex post finance according to performance- and needs-based approach

3. Scope of the joint mitigation and adaptation approach for the integral and sustainable management of forests

Mitigation consists in the reduction of greenhouse gases emissions, whilst adaptation refers to adjustments in ecological, social, or economic systems in response to actual or expected climatic stimuli and their effects or impacts. It refers to changes in processes, practices, and structures to moderate potential damages or to benefit from opportunities associated with climate change (UNFCC webpage). Adaptation of systems of life refers to the integrated interactions between of living beings including nature and humans in a context of climate change.

Hence, joint mitigation and adaptation refers to the understanding that sustainable mitigation of systems of life is only possible though adaptation; and that mitigation activities can facilitate the adaptation of forests to climate change, and forest adaptation can increase the sustainability of mitigation actions, and then effective and long-term mitigation cannot be reached without an effective process of adaptation. This approach seeks to foster appropriate linkages and synergies between mitigation and adaptation is needed because mitigation actions can facilitate the adaptation of local communities to climate change, and community adaptation actions, at different levels, can avoid indirect impacts on deforestation.

The principal characteristics of the joint mitigation and adaptation approach are:

a) Non-market-based approach

Reinforces the principle that the multiple environmental functions of the forests must not be converted into commodities and the understanding that forests are much more than mere reservoirs of carbon. The Plurinational State of Bolivia has consistently questioned the linking of forests to global carbon markets for ethical reasons since this authorizes the effective conversion of Mother Earth, considered sacred by Bolivian society, into a commercial commodity, allowing the transfer of responsibilities for mitigation of climate change from developed to developing countries, fostering the latter to continue subsidizing the former. In addition, these arrangements, mediated by the market, may lead to the loss of sovereignty by States and people with regard to the use and management of their natural resources.

b) Holistic approach based on the synergies between mitigation and adaptation

It is widely recognized that forests have a dual role in mitigation and adaptation to climate change, though the literature and practice on forest adaptation has been limited and the UNFCCC has only recently agreed to consider forestry into the adaptation of ecosystems.

The IPCC has identified the need to explore the possibility of incorporating adaptation practices into mitigation projects to reduce vulnerability, and recommended that Parties under the Convention should consider and address this finding. Further, the AR4 report of the IPCC suggests that guidelines may be necessary for promoting synergy in mitigation as well as adaptation programs and that integrating adaptation practices in such mitigation projects would maximize the utility of

the investment flow and contribute to enhancing the institutional capacity to cope with risks associated with climate change.

Higher outcomes on adaptation imply the establishment of better conditions for adaptation and higher outcomes from mitigation, which implies that the most effective the adaptation the higher the mitigation process to climate change.

c) Rights-based approach

The joint mitigation and adaptation process lies in the understanding of the complementarity of the following rights: i) rights of Mother Earth referred to the capabilities for its regeneration and for adapting naturally to climate change; ii) right to development including the fulfillment of basic needs of people; and iii) rights of indigenous peoples according to the ILO 169 Covenant and to the United Nations declaration on the rights of indigenous peoples.

d) Territorial-based approach

The joint mitigation and adaptation approach should attach value to the integral and sustainable management of forest resources as a basis for enhancing mitigation and adaptation to climate change. This approach should thereby enhance in a given territory the issues of forest governance as a way of improving people's livelihoods, based on climate friendly and resilient economies, while ensuring sustained reduction of carbon emissions (mitigation) and moderating the adverse effects of climate change through a range of actions targeted at the vulnerable systems of life and peoples (adaptation).This means an approach of developing mitigation and adaptation whilst fostering the legitimate goals of sustainable development and eradication of poverty in a given territory, mainly at the national arena.

In this context, the joint mitigation and adaptation process implies the development of at least the following actions:

- Strengthening autonomous and decentralized forest governance and securing forest property rights
- Developing territorial planning of ecosystems and systems of life.
- Reaching common agreements among multiple actors about mitigation and adaptation to climate change through the integral and sustainable management of forests.
- Promoting multiple actions and financial investments to support sustainable management of forests at different levels (local and regional).
- Developing holistic and integrated information and monitoring about mitigation and adaptation of climate change in a context of systems of life.

e) Sustained financing through ex-ante and ex-post finance

Joint Mitigation and Adaptation approaches (JMA) are based on sustained public financing according to performance- and needs-based finance during a long period of time, taking into account joint mitigation and adaptation outcomes, and considering a composite of ex ante and ex post finance.

Bolivia considers that it is important to enable financial support for financing alternative approaches to REDD+, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests through the Green Climate Fund (GCF).

4. Methodological aspects of the JMA

The methodological aspects of the joint mitigation and adaptation approach for the integral and sustainable management of forests are mainly related to the aspects underscored below.

4.1 Scope and scale of action

The implementation of joint mitigation and adaptation approach for the integral and sustainable management of forests in developing countries of projects occur in a national jurisdiction that contribute to the activities listed in paragraph 70 of decision 1/CP.16, subject to a no-objection procedure by the national designated authorities of developing countries.

The focal points of the JMA will enforce a process of adscription of subnational territorial initiatives at different scales ensuring that all of them will fulfill the standards and procedures of the JMA.

4.2 Territorial planning and identification of joint mitigation and adaptation outcomes

The countries at the national level will develop a territorial planning focused on the achievement of joint mitigation and adaptation indicators, which are organized in two different levels[1]:

Process level

1. Existence of public policies, legal frameworks, and institutions related to integral and sustainable forest management.
2. Territorial planning for JMA at the national level:
   2a. Planning
   2b. Joint monitoring indicators
   2c. Affiliation or adscription system of subnational initiatives
3. Free, prior, and informed consultation

Outcome level (Implementation)
It will assess the impact of the JMA, including three subsets of indicators, as follows:

1a. Reduction of deforestation
1b. Reduction of forest degradation due to illegal logging and forest fires
1c. Improvement of livelihoods of local population
2a. Reduction of vulnerability of humans
2b. Reduction of vulnerability of ecosystems

[1] These are not the final indicators but examples for further elaboration in the process of discussion of the JMA.

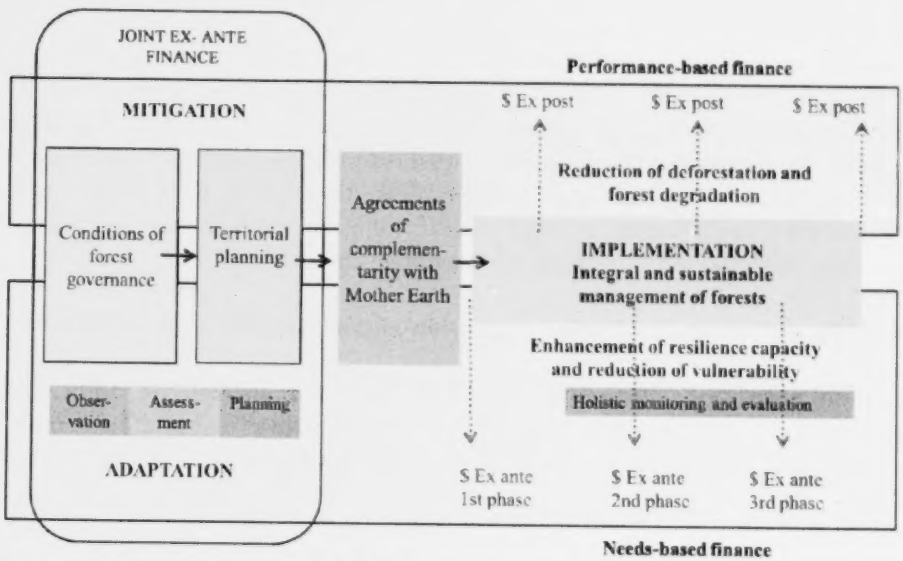
3a. Empowerment of local and indigenous people in the management, conservation, restoration, and use of the forest
3b. Capabilities for self-governance

Through the process of adscription the focal point of the JMA will aggregate the indicators of joint mitigation and adaptation ensuring that the reports are delivered at the national level.

4.3 Provision of finance and means of implementation for joint mitigation and adaptation outcomes

The joint mitigation and adaptation approach is related to the provision of ex-ante and ex-post finance considering performance- and needs-based finance. The first is related to financing the performance of indicators for reduction of deforestation and forest degradation, and the second to financing the effective needs of developing countries for developing a process of increasing resilience capacity and decreasing vulnerability to climate change. In addition, technological transfer and capacity building must be provided from developed to developing countries as necessary. This process in a graphical manner is highlighted in the figure below.

Figure 2. Scheme of the joint mitigation and adaptation approach



There is a sequence of proposed actions for the implementation of the JMA approach, such as the following:

a) Establishment of conditions of forest governance.
b) Territorial national planning including both mitigation and adaptation to climate change (includes observation, assessment of vulnerability and adaptation planning jointly with mitigation).
c) The identification of the JMA indicators to be achieved by each developing country established in the "Agreement of Complementarity with Mother Earth" to be signed between

each developing country Party and the Green Climate Fund (GCF). This includes the commitment of financial support to be provided by the GCF to that Party to fulfill joint mitigation and adaptation actions.

d) Implementation of a diversity of actions related to the integral and sustainable management of forests for achieving joint outcomes on mitigation and adaptation.

e) Holistic monitoring and evaluation of joint mitigation and adaptation.

The implementation of the approach is contingent upon the disbursement of **joint ex-ante finance** for the establishment of conditions of forestry governance for both mitigation and adaptation, including the three phases of the adaptation process: observation, assessment and planning. Also, it considers the implementation process based on joint mitigation and adaptation actions, and a holistic monitoring and evaluation process.

Regarding the implementation process the finance will be provided according to the following rationale:

- ***A performance-based approach through ex post finance for the reduction of deforestation and forest degradation***. It implies the disbursement of variable amounts of finance through ex-post finance according to the performance of indicators related to the reduction of deforestation and forest degradation during an agreed period of time. The indicators are established in the territorial planning process jointly with other indicators for enhancing resilience capacity and reduction of vulnerability.

- ***A needs-based approach through ex ante finance for the enhancement of resilience capacity and vulnerability reduction***. It implies the disbursement of ex ante finance for enhancing resilience capacity and reduction of vulnerability throughout an agreed period of time, considering at least three phases, in order to give countries the necessary means and conditions to achieve a process of effective adaptation to climate change.

4.4 Registry of the outcomes of the joint mitigation and adaptation at the UNFCCC

The outcomes on mitigation and adaptation to be achieved through the joint mitigation and adaptation approach will be registered in existent information-hubs and platforms developed at the UNFCCC, taking into consideration the need for the development of additional registries as necessary.

Paper no. 2: Brazil

VIEWS OF BRAZIL ON METHODOLOGICAL GUIDANCE FOR NON-MARKET BASED APPROACHES RELATED TO THE ACTIVITIES REFERRED TO IN DECISION 1/CP.16, PARAGRAPH 70, AND WHETHER FURTHER METHODOLOGICAL WORK COULD BE NEEDED

26/03/2013

The Government of Brazil welcomes the opportunity to submit views on methodological guidance for non-market based approaches related to the activities referred to in decision 1/cp.16, paragraph 70, and whether further methodological work could be needed, in response to paragraphs 38, 39 and 40 of document FCCC/SBSTA/2013/3.

2. Brazil is of the view that the Warsaw Framework for REDD+ (decisions 9/CP.19 to 16/CP.19) has to a large extent concluded negotiations on REDD+, pending the work mandated in COP-19. Brazil looks forward to the full implementation of the Warsaw Framework in a timely manner, in particular regarding matters addressed in decision 9/CP.19.

3. The Warsaw Framework for REDD+ has established, along with previous decisions on this matter, the methodological guidance needed for the implementation of REDD+ activities, as well as the requirements for obtaining results-based payments, regardless of the approach, source or type of financing, be it through appropriate market-based approaches or non-market based approaches.

4. It is important to underline that appropriate market-based approaches have not been developed by the Conference of the Parties and that such approaches may be subject to further modalities for verification, as per decision 14/CP.19, paragraph 15. At this point, therefore, the Warsaw Framework for REDD+ applies only to non-market based approaches.

5. Brazil is of the view that the in-session expert meeting at SBSTA40, mandated in paragraph 41 of document FCCC/SBSTA/2013/3, offers an opportunity for a discussion on alternative approaches to REDD+, which were recognized in decision 9/CP.19, paragraphs 6 and 20(b) – i.e. approaches that do not rely on results-based payments for mitigation results or that are based on performance of other indicators rather than tonnes of CO^2eq. The meeting could provide further clarity on the need for methodological work on alternative approaches to REDD+, focusing on possible modalities and performance indicators for such approaches.

Paper no. 3: Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam

SUBMISSION BY

Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
as members of the Association of South East Asian Nations (ASEAN)
on
Methodological guidance for activities relating to reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks (REDD+) in developing countries

Subsidiary Body of Scientific and Methodological Advise (SBSTA) in its thirty-eight session invited Parties to submit to the Secretariat, by 26 March 2014, their views on methodological guidance for non-market-based approaches (paragraph 16) and on the issues related to non-carbon benefits (paragraph 24) of the Document FCCC/SBSTA/2013/L.12.

The joint submission by Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam, as the members of the Association of South East Asian Nations (ASEAN), address the issues under Paragraphs 16 and 24 as follows:

I. Paragraph 16 (Non-market based approaches)

- ASEAN member states (AMS) recognize that discussion on issues relating to non-market based approaches to enhance mitigation actions including REDD+ are ongoing under the SBSTA agenda on market and non-market mechanisms under the Convention. Furthermore, issues relating to non-market based approaches to support the implementation of REDD+ (decision 1/CP. 16 paragraph 70) have been reflected in decision 9./CP.19 on work programme on results-based finance for REDD+, which recognizes the need to scale up and improve the effectiveness of finance for REDD+ activities, taking into account decision 2/CP. 17 paragraph 66 (market-based approaches) and paragraph 67 (non-market based approaches),

- The COP-19 decision has provided sufficient methodological guidance which countries can begin to apply to non-market based approaches in REDD+ implementation and draw lessons from the experiences. In this regards, AMS are of the views that it is too premature at this stage to further discuss methodological guidance for non-market based approaches,

- In relation to mitigation and adaptation (JMA) approaches for integral and sustainable management of forests as referred to decision 2/CP.17, AMS view that JMA can be understood conceptually but is methodologically and operationally complex. And so, there is a need for clarity on the applicability of JMA at the international setting. AMS suggest that the in session expert meeting at SBSTA-40 should focus on clarifying the methodological issues related to JMA.

II. Paragraph 24 (Non-carbon Benefits/NCBs)

- The importance of non-carbon benefits (NCBs) in the implementation of REDD+ has been widely recognized. However, NCBs vary significantly from country to country, and so, NCBs should be nationally defined.
- AMS view that each country, according to national circumstance, legislation and capacity :
    - Could, as an option, select types of NCBs from a broad range of ecosystem functions and services, to be considered in the REDD+ implementation,
    - Could use existing methodology or develop appropriate methodology for assessing NCBs,
    - Should enhance research cooperation to support the development of methodology for assessing NCBs,
    - Should share knowledge and experiences with other countries, considering that a number of NCBs is specific to sub-national or local circumstances.
- It is important to note that NCBs should not outweigh carbon benefits which is needed to achieve the objectives of mitigation actions through REDD+,
- Results from NCBs assessment should not be used to penalize REDD+ activities, but rather to provide incentives for more performance in REDD+ implementation. This is in line with decision 9/CP.19 on work programme on results-based finance for REDD+, which recognizes the importance of incentivizing non-carbon benefits for the long-term sustainability of REDD+ implementation.
- It is important to note that support, including capacity building, for assessing NCBs is necessary for developing countries to deliver NCBs in REDD+ implementation.

China's Submission on the Methodological Guidance for Activities Relating to Reducing Emissions from Deforestation and Forest Degradation and the Role of Conservation, Sustainable Management of Forests and Enhancement of Forest Carbon Stocks in Developing Countries

In accordance with the SBSTA invitation of submitting views on the methodological guidance for non-market-based approaches related to the implementation of the activities referred to in Decision 1/CP.16, paragraph 70 (FCCC/SBSTA/2013/3, paragraph 40) and views on the issues of non-carbon benefits referred to in Decision 1/CP.18, paragraph 40, China would like to provide its views as follows:

A. Views on the methodological guidance for non-market-based approaches

1. In accordance with paragraphs 20 and 21 of Decision 9/CP.19, non-market-based approaches should be further clarified by the Standing Committee on Finance and the Green Climate Fund, and further enhanced by COP decisions, if necessary, for incentivizing the implementation of actions on reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+).

2. In general, all established methodological guidance adopted by the COP for the implementation of REDD+ can be applied to the non-market-based approach as long as they are based on existing policies. However, if joint mitigation and adaptation is to be considered as non-market-based approach, then new methodological guidance should be developed to integrate adaptation in the process.

3. Forestry has a dual function in mitigation and adaptation to climate change, which can be maximized by the synergy between mitigation and adaptation and further improved through sustainable management of forests, known as the aim of the implementation of REDD+. Therefore, it is of great scientific value as well as significance to develop a joint approach of mitigation and adaptation for integral and sustainable management of forests.

4. However, when developing a joint mitigation and adaptation approach as the alternative for existing policy approaches for incentivizing the implementation of REDD+, challenges may arise in integrating adaptation to the additional methodological guidance since broad concepts, indicators and uncertainties are involved. Thus, China would like to be engaged in and contribute constructively to related discussions under the SBSTA.

B. Views on non-carbon benefits

1. Moreover, non-carbon benefits are key to effective and sustainable implementation of REDD+, and can serve as indicators for performance assessment of REDD+ to some extent, thus should be addressed in all phases of the implementation. Countries implementing REDD+ should establish and execute related national strategies to enhance non-carbon benefits.

2. It is necessary to clarify on the types of non-carbon benefits in order to further incentivize non-carbon benefits. As a matter of fact, non-carbon benefits in REDD+ encompass a wide range of functions and services in the ecosystem, and mainly include ecological, economic and social benefits. Since it is rather difficult to quantify or price some of these benefits, it is very challenging to include all non-carbon benefits in the methodology or policies. Considering this, it is suggested that specific clarifications on the types of non-carbon benefits should be determined by each country at national level by prioritizing benefits that are more practical for the development of relevant methodological guidance and incentives.

3. It is necessary to clarify the relation between non-carbon benefits and safeguards in REDD+ as they often overlap with each other, and to explore how to develop the methodological guidance on non-carbon benefits with

due consideration of safeguards.

4. Although in some countries/regions, non-carbon benefits are more preponderant than carbon benefits, carbon benefits should still be the major concern in the implementation of REDD+, with the possibility to encourage non-carbon benefits by premiums in the result-based payment or other alternatives.

SUBMISSION BY MALAYSIA ON METHODOLOGICAL GUIDANCE FOR ACTIVITIES RELATING TO REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION AND THE ROLE OF CONSERVATION, SUSTAINABLE MANAGEMENT OF FORESTS AND ENHANCEMENT OF FOREST CARBON STOCKS IN DEVELOPING COUNTRIES

Malaysia welcomes this opportunity to submit its views on methodological guidance for non-market-based approaches and non carbon benefits related to the implementation of the activities referred to in decision 1/CP.16, paragraph 70.

I. Non-market based approaches

a. Decision 9/CP.19 para 7, indicates that when providing results-based finance, to apply methodological guidance consistent with decisions 4/CP.15, 1/CP.16, 2/CP.17, 12/CP.17 and 9/CP.19,11/CP.19 to 15/CP.19. Malaysia views that the methodological guidance is also relevant for non-market based approach.

b. Joint mitigation and adaptation (JMA) approaches for integral and sustainable management of forests as referred to decision 2/CP.17 could be one of the non-market based approaches but clarify on the methodological issues beyond national application is required.

II. Non Carbon Benefits

a. Non-carbon benefits is important in the implementation of REDD+ has been widely recognized to some extend has been reflected in the Safeguards (Appendix 1 1/CP.16). Hence, non carbon benefits should be defined at national level.

b. REDD+ is a voluntary action and therefore developing country parties could decide what benefits to be included.

c. REDD+ activities are primarily a mitigation action measured in terms of tonnes of carbon dioxide equivalent per year (14/CP.19, paragraph 14) and therefore the non carbon benefits should not prevail over the carbon benefits.

d. Non carbon benefits should not be as a pre-requisite for REDD+ activities but to support the REDD+ implementation as per decision 9/CP.19.

e. Developing country parties could decide that the REDD+ implementation could cover either carbon benefits or non carbon benefits as start and progressively towards integrating both as appropriately.

f. Non carbon benefits may include a broad range of ecosystem functions and services, to be considered in the REDD+ implementation.

g. Methodology applied could correspond to the non carbon benefit selected.

Paper no. 6: United States of America

Submission of the United States on Non-Market Approaches to REDD+

Paragraph 40 of SBSTA 38 FCCC/SBSTA/2013/3 invited Parties and admitted observer organizations to submit to the secretariat, by 26 March 2014, their views on methodological guidance for non-market-based approaches. It requested the secretariat to compile the submissions into a miscellaneous document for consideration at SBSTA 40.

Flexible Approaches to REDD+

There are many different approaches that Parties may take in their REDD+ strategies. And as agreed in 12/CP.17, financing to support these approaches may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources. When a Party develops its REDD+ strategy it will also develop nationally appropriate activities to reduce emissions from forests, as referred to in paragraph 70 of 1/CP.16 below.

> 70. Encourages developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities, as deemed appropriate by each Party and in accordance with their respective capabilities and national circumstances:
> (a) Reducing emissions from deforestation;
> (b) Reducing emissions from forest degradation;
> (c) Conservation of forest carbon stocks;
> (d) Sustainable management of forests;
> (e) Enhancement of forest carbon stocks;

Because each Party's national circumstances and drivers of deforestation are different, the approaches chosen by Parties to reduce emissions will differ. For example, some Parties have chosen to focus their strategies more on degradation, others focus on sustainable management of forests or look to produce more sustainable foodstuffs and fiber without increasing deforestation. The manner that a Party takes action in support of the five REDD+ activities above will of course need to be consistent with guidance for REDD+, but the United States believes that one of the many great aspects of REDD+ is that its flexibility gives countries opportunities to tailor their national approach to their needs.

The mix of financing approaches a country chooses does not change the basic formula that makes up REDD+: a Party must create a strategy to reduce emissions from deforestation while ensuring that environmental and social safeguards respected. With this in mind, the work that is done to reduce GHG emissions supported by any type of financing will be nearly the same: forests should be monitored, governance decisions must be made to protect standing forests and make land use more sustainable, and social and environmental safeguards should be implemented. These broad ideas allow a Party the scope to implement a wide range of activities that complement its national situation and priorities.

Flexible Approaches to Financing REDD+

There are already a wide range of approaches to financing REDD+ activities underway. Most of these approaches do not differentiate between market and non-market, but rather mix approaches in order to offer a multitude of opportunities to countries and their diversity of stakeholders and activities. Since most national REDD+ strategies require financing for a number of needs such as strategies, mapping, engagement with stakeholders, addressing the drivers of deforestation, and more, different tools may be most appropriate for each need. Among the tools currently being applied or contemplated to support the implementation of REDD+ activities are grants, loans, debt swaps, bonds, equity, tax concessions, purchase of outputs (commodities or other), guarantees, commercial insurance, and political risk insurance. It might be noted many of these tools are not linked to any market; none of these tools is linked to a carbon market.

There is a great deal of work underway already in REDD+ that countries can learn from. In fact, the majority of REDD+ finance to date has been what can be considered "non-market."

- The Forest Investment Program (FIP) has worked with countries to develop nationally appropriate REDD+ programs. It also has a dedicated grant mechanism that provides grant funding for indigenous people and local communities to engage in REDD+ processes.
- The Forest Carbon Partnership Facility's (FCPF) Readiness Fund supports countries in developing the necessary policies and systems, including adopting national REDD+ strategies; developing reference emission levels (RELs); designing measurement, reporting, and verification (MRV) systems; and setting up REDD+ national management arrangements, including proper environmental and social safeguards.
- The Initiative for Sustainable Forest Landscapes (ISFL) promotes and rewards reduced greenhouse gas emissions from the land sector, including REDD+, more sustainable agriculture, as well as smarter land use planning and policies.
- Bilateral work between Parties includes work on capacity building, mapping of forests, improved social and environmental governance, etc.
- National programs are taking a wide variety of approaches to REDD+, including activities funded through national programs or corporate budgets, different Payment for Environmental Services approaches, grant-based approaches, and loan instruments, among others. Some link adaptation and mitigation, others build on sustainable commodity production or sustainable forest management.
- The Green Climate Fund is also developing it approaches to financing, including for REDD+; both market and non-market approaches might be considered.

UNFCCC Guidance

The diverse range of approaches to financing REDD+, based on national interests, circumstances, and capabilities, has already been recognized in UNFCCC decisions. To date, no decision restricts its application to either market or non-market based approaches; therefore these decisions apply to both market-based

and non-market based approaches equally. The *only* exception is decision 14/CP19 paragraph 15, which notes that "results-based actions that may be eligible to appropriate market-based approaches that could be developed by the Conference of the Parties, as per decision 2/CP.17, paragraph 66, **may be** subject to any further specific modalities for verification consistent with any relevant decision of the Conference of the Parties" (emphasis added).

In conclusion, we believe that the existing UNFCCC decisions already provide Parties with ample opportunity to develop a variety of approaches, depending on national circumstances, to support their work on the REDD+ activities referred to in paragraph 70 of 1/CP.16. These additional approaches should be *in support of* the activities referred to in paragraph 70 of 1/CP.16, and may be market-based or non-market based as appropriate.